

Message Text

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ACTION IO-11

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R 161050Z MAR 76

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 8022

INFO AMEMBASSY ROME

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FAS FOR FINLAND FROM REIDINGER

ROME FOR FODAG

E.O. 11652: N/A

TAGS: OCON, EAGR, ECIN, FAO

SUBJECT: FAO FERTILIZER INDUSTRY ADVISORS COMMITTEE MEETING,
MARCH 9-12, 1976

1. MEETINGS OF FIAC WORKING PARTIES ON ECONOMICS OF FERTIZLIER USE, STATISTICS, AND MARKETING ON MARCH 9 AND 10 SEEMED ABOUT NORMAL. MAHAN'S PRESENCE FROM USDA HELPED STRAIGHTEN OUT MANY LONG-STANDING MISUNDERSTANDINGS OF U.S. DATA IN THE STATISTICS GROUP, WHICH FINALIZED FAO FERTIZLIER DATA FOR 1974-75. ECONOMICS GROUP WAS CONCERNED WITH IMPROVING FAO DATA ON FETIZLIER AND CROP PRICES, AND A GUIDE AND STUDY ON FERTILIZER SUBSIDIES. MARKETING GROUP DISCUSSED CASE STUDIES ON FERTILIZER MARKETING AND FIELD-ORIENTED TRAINING WORK.

2. A NEW CHAIRMAN WAS NOT SELECTED TO REPLACE MR. BOUDEWINE, WHO HAS HELD THE POSITION FOR A NUMBER OF YEARS.

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3. MUCH OF GENERAL FIAC SESSION CONCERNED FUTURE OF

FIAC. BASIC ISSUES (LARGELY DEMANDS BY FAO):

(A) INDUSTRY CASH CONTRIBUTION TO FAO FERTILIZER DEMONSTRATION PROGRAM BE INCREASED SUBSTANTIALLY; IT HAS RISEN VERY LITTLE; ROME PARTICIPANTS (FAO) FEEL THAT INDUSTRY GETS LARGE BENEFITS AND DOES NOT PAY ITS SHARE; DESPITE THIS STRONG PRESSURE, INDUSTRY DID NOT AGREE TO INCREASE; (B) RECIPIENTS (LDC'S) AS WELL AS DONORS SHOULD BE REPRESENTED; (C) NUMBER OF PARTICIPANTS GETTING TOO LARGE (REFERS PRIMARILY TO INDUSTRY) AND SHOULD BE REDUCED; (D) TERMS OF REFERENCE FOR FIAC MAY HAVE TO BE "REINTERPRETED" (NOT CHANGED), SINCE IT INCLUDES ONLY INDUSTRY DONORS AND INTERNATIONAL ORGANIZATIONS; CHANGING THE TERMS OF REFERENCE WOULD REQUIRE APPROVAL BY FAO COUNCIL; (E) CHANGE IN NAME OF GROUP MAY BE NEEDED, SINCE IT WOULD NO LONGER BE "FERTILIZER INDUSTRY" ADVISORY COMMITTEE; (F) PERHAPS COMBINE A PESTICIDE DEMONSTRATION PROGRAM SIDE BY SIDE WITH FERTILIZER DEMONSTRATIONS; USE FERTILIZER AS A SPEARHEAD TO INCREASE CROP PRODUCTION; COMBINE WITH OTHER INPUTS; (G) PERHAPS USE THESE MEETINGS TO GET INFORMATION ON OTHER DONOR ACTIVITIES, TO IMPROVE COORDINATION AND GET MORE BALANCED COVERAGE OF AREAS MOST IN NEED; (H) DONOR GOVERNMENTS PRESENT (MOSTLY EUROPEAN) WERE REQUESTED TO INDICATE THEIR CASH CONTRIBUTIONS, BUT EVIDENTLY NONE WERE PREPARED TO MAKE COMMITMENT AT THIS TIME; U.S., WITHOUT INSTRUCTION FROM WASHINGTON, REMAINED SILENT, WHILE OTHER DONORS PARADED THEIR OWN COMPARATIVELY SMALL PROGRAMS FOR ALL TO SEE.

4. COMMENTS:

A. THE ABOVE, PARTICULARLY THE CASH CONTRIBUTION ISSUE, COULD MEAN END OF FIAC IN ITS PRESENT FORM. THE DEMANDS BY FAO WERE PRESENTED ESSENTIALLY AS ULTIMATUMS, AND INDUSTRY DID NOT BACK DOWN.

B. MOST OF FIAC'S INDUSTRY SUPPORT HAS IN THE PAST COME FROM WEST EUROPE, WHICH IN THE FUTURE WILL PROBABLY HAVE A DECLINING SHARE OF FERTILIZER EXPORTS. WHY LIMITED OFFICIAL USE

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SHOULD THEY PUT MORE MONEY INTO A PROGRAM WHICH WILL GENERATE MARKETS FOR THE EAST EUROPEAN AND NORTH AMERICAN FERTILIZER EXPORTERS?

C. NOTE THAT THE FAO OFFICER WHO PRESENTED THE DEMANDS HEADS THE FAO FERTILIZER TASK FORCE AND IS VERY CLOSE TO THE NEW FAO DIRECTOR GENERAL.

D. IN MOST DISCUSSION THE ORIGINAL ROLE OF FIAC (FERTILIZER INDUSTRY ADVISORY COMMITTEE OF EXPERTS) SEEMS TO HAVE BEEN FORGOTTEN--THAT OF GROUP OF EXPERTS WHO AGREED TO ADVISE FAO. IT IS QUITE POSSIBLE THAT IF THE GROUP IS BROADENED, THE EXPERTISE WILL BE LOST. IT COULD BECOME PREOCCUPIED WITH POLITICAL DISCUSSIONS BETWEEN THE DONOR AND RECIPIENT COUNTRIES. IT COULD ALSO BECOME A MIN-FERTILIZER COMMISSION, AND EVENTUALLY TAKE ITS PLACE. THAT WOULD FIT IN WITH THE NEW DG'S COST CUTTING EMPHASIS.

E. THE FIELD-ORIENTED NATURE OF THE FERTILIZER PROGRAM WAS MENTIONED MANY TIMES. THIS ALSO FITS IN WELL WITH THE NEW DG'S APPARENT PLANS. THE REFERENCE TO THE FERTILIZER PROGRAM AS A SPEARHEAD IN CROP PRODUCTION SUGGESTS THAT IT MIGHT BECOME A VEHICLE, MODEL, GUIDE OR RATIONALE FOR A STRONGER FAO FIELD ORIENTATION IN THE FUTURE.

F. MR. SWIFT OF AUSTRALIA (CURRENT CO-CHAIRMAN OF THE FERTILIZER COMMITTEE) IS REPORTEDLY DOING A COMPLETE REVIEW OF THE FAO PROGRAMS FOR THE NEW DG.

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G. THE NEW FAO DIRECTOR GENERAL IS CERTAINLY SHAKING UP THE FAO BUREAUCRACY. THAT IS PROBABLY NEEDED, BUT WE NEED TO KNOW HIS FINAL INTENTIONS. HE APPEARS TO BE TRYING TO GIVE THE FAO A PROJECT

ORIENTATION WHICH IT DID NOT HAVE BEFORE AND WHICH MAY NOT BE IN THE CHARTER. HE IS CUTTING BUDGETS IN MANY AREAS, REPORTEDLY TO GIVE HIMSELF CONTROL OF A SMALL FUND (SAY \$50 MILLION) FOR PROJECTS AND TECHNICAL ASSISTANCE. RESEARCH IS APPARENTLY A BAD WORD IN FAO NOW, AND ANALYTICAL AND DATA PROGRAMS MAY SUFFER GREATEST CUTS. HE HAS APPROACHED THE WORLD BANK ABOUT RAISING THE FAO SHARE IN THEIR COOPERATIVE INVESTMENT CENTER. (THE BANK IS REPORTEDLY NOT GENERALLY IMPRESSED BY HIS ACTIONS.) PARTICULARLY SINCE THE WORLD FOOD COUNCIL PROBABLY WILL FACE A CRUCIAL SURVIVAL TEST THIS SUMMER, HE MAY HOPE TO GET THE NEW INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT UNDER FAO CONTROL.

H. IT WOULD SEEM TO BE IN THE U.S. INTEREST TO UNDERSTAND WHAT IS HAPPENING AT FAO IF WE DO NOT ALREADY. OTHERWISE WE WILL PROBABLY END UP RECEIVING POLITICAL BRICKBATS WE DO NOT DESERVE, WHILE FINDING OUR POLICY OPTIONS SEVERELY LIMITED IN THE FUTURE.

I. FERTILIZERS, POLITICALLY, IS EVIDENTLY STILL CONSIDERED A PRIME ISSUE BY THE DEVELOPING COUNTRIES REGARD-
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LESS OF INCREASED FERTILIZER AVAILABILITIES. IT WOULD SEEM TO HAVE BEEN IN THE U.S. INTEREST IF WE HAD BEEN AT LEAST PREPARED TO SAY FOR EXAMPLE, THE U.S.HAS A STRONG INTEREST IN PROGRAMS TO FURTHER FERTILIZER USE IN THE DEVELOPING COUNTRIES. OTHERWISE, IT APPEARS THAT WE ARE IGNORING THIS ISSUE WHICH IS VITALLY IMPORTANT TO THE DEVELOPING COUNTRIES.STIBRAVY

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